

WHITE PAPER

6 Retail E-commerce Strategies to Increase your Bottom Line

The 2022 e-commerce growth
plan that will boost your business
performance



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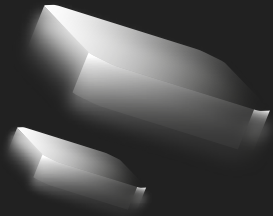


What does it take for a magician to be successful on stage? The right deck of cards (on top of some talent, of course). This is also what retailers need nowadays to navigate the variables of an ever-evolving industry: the right winning strategies at the right time. With the booming e-commerce market on the rise, retailers have the chance to innovate and adopt new plans to grow and prosper.

In this white paper, we outline 6 e-commerce strategies that will help your retail business scale for success in 2022. Play your cards right and learn all the tricks of the trade!

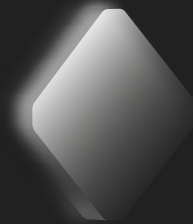
The Status Quo of E-Commerce Growth

How exactly is e-commerce booming, and how important is it for retail? Let us count the ways:



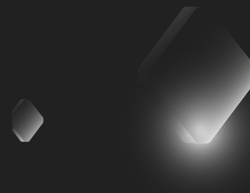
Retail e-commerce sales are predicted to **grow double-digits** in 2023. Emarketer projects that by 2023 worldwide **e-commerce sales will total \$6.169 trillion** and make up 22.3% market share of total retail sales.

US retail e-commerce revenues are estimated to exceed **\$1 trillion by 2023.**



Nasdaq predicts that by 2040, **95% of purchases will be facilitated by e-commerce** in the UK.

China accounts for 52.1% of all retail e-commerce sales worldwide with its nearly \$3 trillion e-commerce market, according to Emarketer.



These numbers highlight that e-commerce is indeed booming, and that it's happening on a global playing field.

The Covid-19 pandemic accelerated the industry by a decade in just 3 months, what McKinsey coined “the quickening”. This means retail businesses, must be willing to adapt quickly and

embrace new technologies if they want to stay competitive.

In this white paper, we cover 6 growth strategies that will help your business innovate, penetrate new markets, test and adopt new business models, and ultimately, leverage available and ever-evolving e-commerce technologies.

1 Marketplace Mastery

GROWTH SCORECARD

BUSINESS



TECHNICAL



B2B



B2C



EASY IMPLEMENTATION



COMPLEX



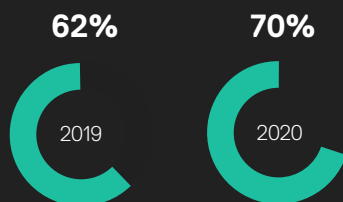
POTENTIAL GROWTH IMPACT



Growth Strategy #1

Marketplace Mastery

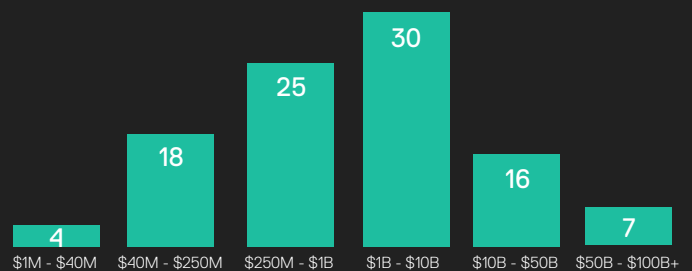
THE RISE OF MARKETPLACES IN NUMBERS



of Global Online Retail Sales are accounted for by Marketplace Sales

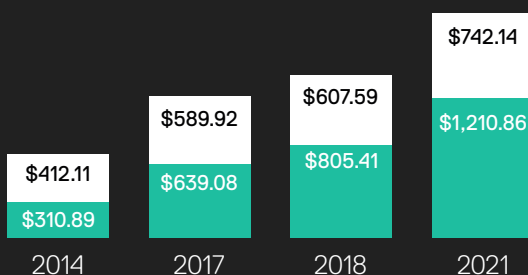
TOP 100

No. of online marketplaces, broken down by 2021 total GMV range



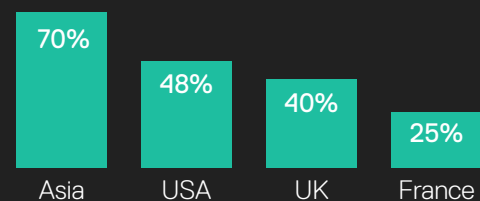
ON THE RISE

Marketplaces are driving the growth of GMV in Billion US-\$ of the worldwide e-commerce market



REGIONAL MATURITY

Marketplace share in the regional e-commerce market in %





\$3.23 Trillion

spent globally on the top 100 online marketplaces in 2021

Marketplace sales currently account for 67% of the global online retail sales. In 2021 alone, about \$3.23 trillion was spent on the world's top 100 marketplaces.

Mastering a marketplace is a proven way of effectively scaling an e-commerce business, so if it's not part of your 2022 growth strategy, pay attention.

What do we mean by a marketplace?

A marketplace is a platform where sellers and buyers join forces to buy and sell products.

Amazon was one of the original marketplace platforms, and continues to dominate the space today - but don't let that put you off. There is still plenty of room to make a profit in the platform economy, especially for niche businesses in both the B2B and B2C sectors.

Gartner predicts that by 2023, 15% of medium-to high-gross-merchandise-value digital commerce organizations will have deployed their marketplaces, thereby creating an entirely new digital ecosystem - and your business could be one of them.

For businesses with an existing traditional e-commerce platform, a digital marketplace could be the next growth step towards accelerating customer acquisition and increasing revenue.

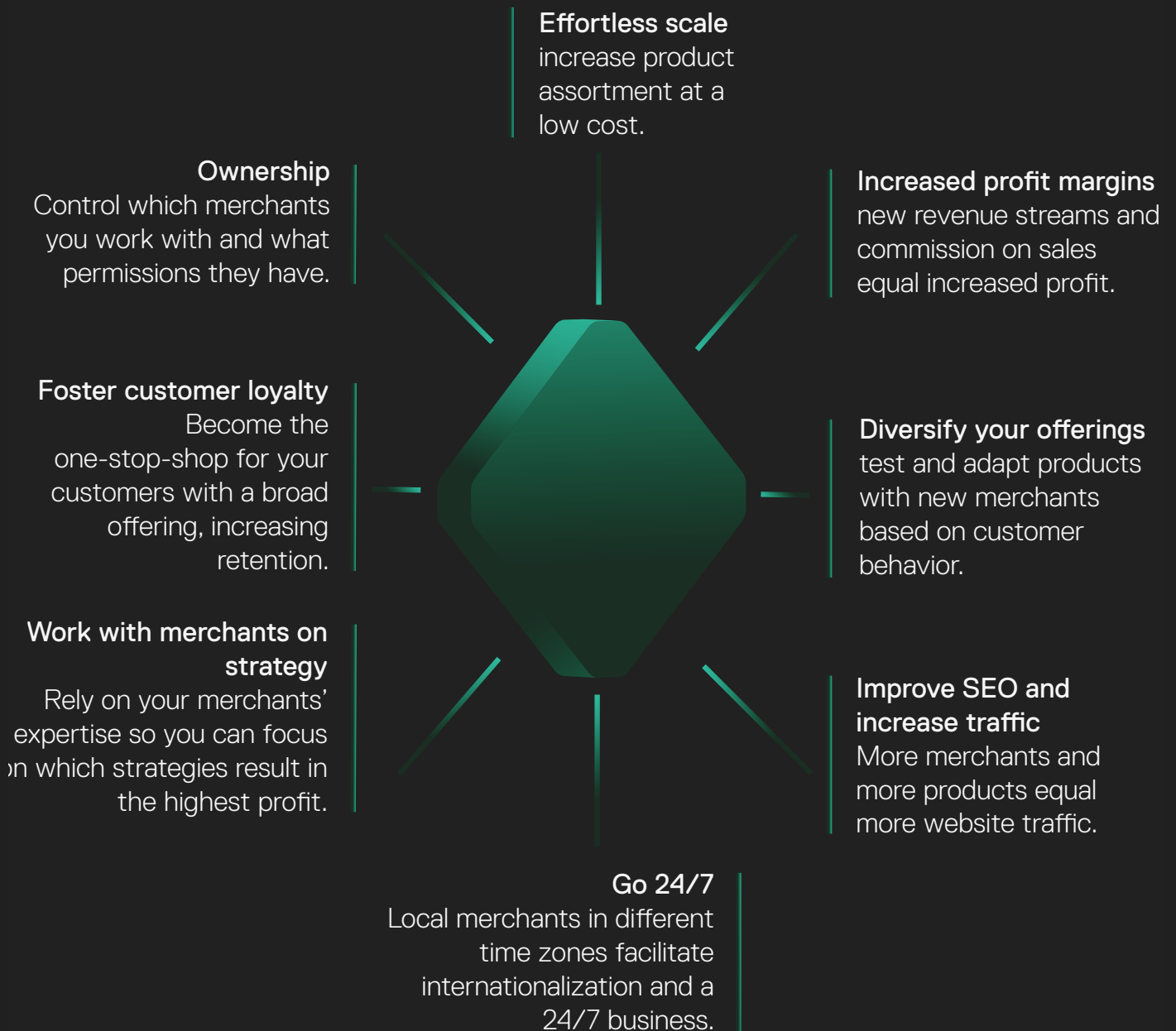
Starting a marketplace for growth

One major advantage of the marketplace model is that you can offer your customers a much larger product offering, without taking on the inventory risk - a win-win for all stakeholders involved. A broad product portfolio and higher inventory levels equate to easier discovery by customers, which in turn leads to sales.

Range expansion is one of the main reasons for retailers to launch an online marketplace. Some

retailers also see marketplaces as a laboratory, where they can test the performance of a product group and eventually integrate it in their own inventory. Many B2B and B2C businesses worry about the competitive nature of enterprise marketplaces. However, they fail to consider the benefits they could lose out on if they disregard a marketplace as a future growth opportunity.

Quickfire benefits of a marketplace



Want to get the down-low on starting a marketplace as part of your 2022 growth strategy?



Check out our guide [“Everything you need to know about starting a marketplace.”](#)

2 Get a Head(less) Start

GROWTH SCORECARD

BUSINESS

×

TECHNICAL

✓

B2B

✓

B2C

✓

EASY IMPLEMENTATION

×

COMPLEX

✓

POTENTIAL GROWTH IMPACT

★★★★★★



Growth Strategy #2

Get a Head(less) Start



2021 Magic Quadrant for Digital Commerce
- Gartner, 31 August 2021



By 2023 prices for B2C digital commerce platforms will be 30% less than 2019, due to feature commoditization and “headless” implementations.”
- “2021 Magic Quadrant for Digital Commerce”, Gartner, 31 August 2021



People want to liberate themselves from multiple interfaces - this is why headless is critical.”
- Gaetan Gachet, Chief Strategy Officer, Algolia, Spryker EXCITE 2021

Forbes said it best: “Aristotle said the human body is at its best at age 30. The same can now be said for e-commerce, which turned 30 this year. The best way to celebrate this milestone is with a new headless architecture.”

But what exactly does ‘go headless’ mean?

In essence, headless means a front and back-end which function independently and are ‘de-coupled’. This allows companies to be more agile and adaptable, and tailor their front-end with evolving customer demands. Most traditional e-commerce systems are monolithic, where the front and back-end systems are inextricably linked, and have very little room for flexibility. This is a challenge for businesses that want a more personalized and flexible user experience.

Going headless means it’s easier to connect various sales channels such as mobile, social, wearables, voice assistants, and more. We discuss some of these newer revenue streams in detail later on, but for now, just understand that a headless architecture is a crucial growth strategy for 2022 if your business goals include quickly adapting to evolving market and customer demands.

Quickfire benefits of a marketplace

Flexibility:

Customize your storefront(s) however you like without impacting the back-end.

Customization & Personalization:

Create custom user experiences and refine them along the way.

Time to Market:

Easier expansion and integration result in faster implementation, i.e. a much shorter time frame to release a new market-ready product.

Omnichannel experience:

Multiple touchpoints facilitate a seamless customer journey.

Agility and fast-tracked Innovation:

Adapt fast, scale efficiently, and retain the flexibility to adopt new technologies.

3 Globalize your Brand

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Growth Strategy #3

Globalize your Brand

Borders are becoming increasingly meaningless when it comes to e-commerce. For example, a customer sitting in Europe can order an item from China, or vice versa, and pick the best deal from multiple international sellers. While this creates increased competition (especially with low manufacturing costs in developing countries), it also opens up the possibility for a much larger customer base.

80% of retailers worldwide agree that cross-border trade is profitable. Forrester predicts that cross-border purchases will make up 20% of all e-commerce trade by 2022, illustrating that internationalization is a hot ticket on the agenda for many businesses. So, if you've got a viable business model in your home market, in 2022 you should consider expanding to new countries as part of your growth strategy.

Of course, it's important to consider how the market might be different in another country, but internationalization remains a key and very important strategy for success. When choosing an e-commerce software provider, opt for one with a multi-store capability. This allows you to create a single store with one product database that can serve multiple regions or languages, or separate regional stores with localized product offerings.

43% of sellers report that managing customers' delivery expectations is a big issue when going



international, so it's important to consider your logistics infrastructure before launching any large internationalization projects.

Consider internationalizing through an enterprise marketplace. It's an effective way to test your products in different markets without a huge investment, before fully going to market.

Expanding your brand offerings could be also part of your 2022 growth strategy. Enterprises should consider brand expansion for a number of reasons,

such as target new customer bases or taking advantage of niche offerings.

Similarly to internationalization, it's important to work with an e-commerce system that utilizes multi-store features. This helps you to easily manage multiple storefronts with distinct brand positioning from the same core product assortment. You can then customize these separate storefronts depending on your customer or market needs. For example, provide specialized discounts, or enable a completely different store logic and navigation experience.

Quickfire benefits of internationalizing through marketplace technology

Lower & more predictable costs:

more cost-effective than fully launching into a new market with no previous knowledge.

Increased reach:

Tapping into your merchant's customer base, means lower customer acquisition costs for you.

Test new markets easily:

Dip into desired new markets before committing to a full go-to market plan.

Fast feedback:

Gather data and insights from customer behavior with a test and learn mentality.

Low entry barrier:

Easy technical implementation means lower IT investment at the MVP stage.

Learn more about expansion with multi-store features [here](#).

4 Turn on Auto-Pilot

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Growth Strategy #4

Turn on Auto-Pilot

Automation is not only changing the face of e-commerce, but the entire world we live in. In a not-so-distant future where empty fridges automatically order missing grocery items, cars drive themselves, and store clerks are replaced by AI, it's important to consider how technological advances will impact e-commerce in the retail industry.

In a recent forecast, Gartner predicted that e-commerce platforms using AI will achieve an improvement of at least 25% in customer satisfaction by 2023, with increased revenues and cost reductions. Globally...

... AI's market value is predicted to reach **\$126 billion by 2025.**

Retailers can turn to automation in order to streamline processes in retail stores, warehouses, or distribution centers. According to recent estimates, the global retail automation market is forecast to grow to \$33 billion U.S. dollars by 2030.

Why is automation so important for the retail industry? Simply put, it will save your business time and money. A higher level of automation equals lower overhead, increased efficiency, and lower production and logistics costs.

Quickfire possibilities & benefits of automation



Increased accuracy:

With automation, human errors are less likely to happen and data about inventory levels and order fulfilments is more accurate. Businesses utilizing automated solutions in their warehouses record **double-digit improvements** due to overall increased efficiency and productivity.



Happy workforce and reduced labor costs:

Automation streamlines and replaces manual, repetitive and low-value processes. This can ease up the retail employees' workload and allow them to concentrate on more valuable tasks, such as customer service and creative problem-solving. A game changer for the **Great Resignation.**



AI customer service:

Intelligent chat-bots mean round-the-clock customer service. Important, considering that **90% of customers** prefer to shop where companies are able to answer inquiries immediately, and 48% of consumers prefer live chat over any other method of contact.



Personalization:

Reports show that **10-30% of all e-commerce purchases are due to recommendations.** AI helps to generate product recommendations, not only using purchase history data, but also insights from similar customers' buying behavior. Customers say they are more than twice as likely to add items to the basket and **40% more likely to spend more** than planned when experiences are highly personalized.



Diverse touchpoints:

Voice shopping, wearables, VR - new technology is being developed all the time which both utilize AI and increase the potential customer touchpoints available. Voice shopping alone is set to reach **\$40 billion by 2022,** illustrating the demand and growth potential.

5 Go Live & Stay Social

GROWTH SCORECARD

BUSINESS



TECHNICAL



B2B



B2C



EASY IMPLEMENTATION



COMPLEX



POTENTIAL GROWTH IMPACT



Growth Strategy #5

Go Live & Stay Social

While some business models were decimated due to the pandemic, others have soared above and beyond expectations. One such industry is social media. There are now more than 4.5 billion social media users around the world, growing almost 10% in a year, and TikTok just hit the 1 billion user milestone. Billions of users equal billions of potential customers, so it's no surprise that social commerce is growing into a giant industry - and a key growth strategy for e-commerce in 2022 and beyond.

Shopping on social media is expected to triple by 2025, growing from \$492 billion in 2021 to \$1.2 trillion by 2025. Whether it's via Instagram, Facebook, Snapchat, TikTok, Whatsapp, Wechat, or more, social media platforms are generating new ways to reach customers every day, and analysts predict that it's going to account for a huge chunk of e-commerce sales in the future.

One exciting revenue stream opportunity within the social space is live shopping. China is leading the way, with two-thirds of Chinese consumers reporting that they had bought products via livestream in the last year. Meanwhile, 2020's Single's Day presales campaign on Taobao Live generated \$7.5 billion for Alibaba in the first 30 minutes alone. McKinsey predicts that if we take China as the leading example, live shopping sales could account for as much as 10-20% of all e-commerce by 2026.

A reported 70% of Europeans are open to live shopping, however, it's still a relatively small market compared to China, which means that there is a huge opportunity for businesses willing to invest in this growth strategy.

What exactly is social commerce?

Social commerce is the method of promoting and selling goods or services directly via social networking platforms. It includes practices such as offering promotions, creating viral video content, recommendations or endorsements via influencers.

What exactly is live shopping?

Live shopping combines the sale of a featured product with instant audience participation through chat or reaction functionality through internet livestreaming.

Quickfire benefits of social commerce and live shopping

Customer engagement:

Interacting directly with your customers via social media builds trust, awareness, and authenticity of your brand.

Accelerated audience growth & conversion

McKinsey reports that companies report conversion rates in social commerce as approaching 30 percent—up to ten times higher than in conventional e-commerce. Limited-time promotions generate a sense of urgency in buyers, pushing them quickly through the funnel from awareness to purchase.

Brand appeal:

Something like live shopping illustrates differentiation in a saturated market, and shows customers that you're brave enough to try something new.

Customer insights:

Most social platforms have in-built analytics tools measuring impressions and reach, garnering more data about your customer base which can be used to improve personalization and targeting.

Higher order values:

By making shopping quick and easy where a buyer can view something they like on social media and immediately purchase it, cart values increase.

Improved SEO:

Social commerce accelerates organic traffic to your website as you target users with relevant content, which in turn improves your digital rankings.



Interested in the growth of live shopping and social commerce in China and beyond? Watch our episode of [Spryker OnAir with Kai Ding](#), an e-commerce expert in China.

6 Build a Community

GROWTH SCORECARD

BUSINESS



TECHNICAL



B2B



B2C



EASY IMPLEMENTATION



COMPLEX



POTENTIAL GROWTH IMPACT



Growth Strategy #6

Build a Community

Building on the idea of social commerce, consider community building as a potential growth strategy for your business in 2022. How does building a community help your business to scale? Nielsen reports that 92% of global consumers trust recommendations from friends and family above other forms of advertising. As such, community building can lead to increased customer acquisition and retention, as community members interact, share reviews, and offer instant feedback.

There are a couple of core ideas that are essential for successful community building:

- 1) understand your audience
- 2) provide value with the content you offer, and
- 3) engage and inspire organic growth with human interaction.

Quickfire benefits of community building

Low cost:

It can be extremely cost-efficient to start building a community. A social platform such as Facebook is free. Do your research about what forums your target audience uses and start communicating with them there - for free.

Brand:

Consumers love a brand with personality, where it's clear that real humans work there. Think about some of the most popular Twitter accounts, such as Wendy's with nearly 4 million followers. When customers reach out and receive a human response, they feel more connected to the brand

Feedback:

Communities offer instant and free feedback. This means that you can test products, ideas, and messaging on your loyal community before rolling it out to your larger customer base.

Site traffic:

Engaged community members who interact with your content will be more likely to visit your e-commerce site and make a purchase.

Conclusion

Every business aspires to growth – that's what keeps the engine and the motivation running. To be able to efficiently and consistently improve, businesses need to challenge the status quo and open their doors to change.

As industries evolve rapidly due to technological innovation, unpredictable disruptions and shifting customers' values, as a retailer you should wisely choose the most successful cards to play: the right strategies will put your business in pole position.

Whichever growth strategy you're considering, Spryker and our extensive network of solution and technology partners can help your business to never miss a trick and make an awe-striking performance – voila!



Interested?

Spryker has already conducted studies on the status quo and the potential of online grocery in three countries (US, UK, Germany). Learn about consumer behavior, brand recognition, and the role of technology, and how those differ between regions. [“Read the latest insights on online grocery and e-food”](#)



About Spryker

Spryker Systems GmbH is a privately held technology company headquartered in Berlin, Germany and New York, USA. Founded in 2014, Spryker enables companies to build sophisticated transactional business models in unified commerce including B2B, B2C, and Enterprise Marketplaces. Spryker is the most modern, fully composable platform-as-a-service (PaaS) solution with headless & API-based architecture that is cloud and enterprise-ready and loved by developers and business users worldwide. Spryker customers extend their sales reach and grow revenue with a system that allows them to increase operational efficiency, lower the total cost of ownership, expand to new markets and business models faster than ever before: Spryker solutions have empowered 150+ companies to manage transactions in more than 200 countries worldwide and is trusted by brands such as Aldi, Siemens, Hilti, and Ricoh. Gartner® recognized Spryker as a Visionary in the 2021 Magic Quadrant™ for Digital Commerce, just one year after it first appeared (2020), and has also been named as a major player in B2B e-Commerce by IDC. Finally, it is the only commerce platform to provide full B2B, B2C, D2C, and Marketplace capabilities out of one stack. Find out more at spryker.com



Spryker Systems GmbH

Heidestraße 9–10

10557 Berlin / Germany

T +49 / 30 / 208 49 83 50

M hello@spryker.com

W spryker.com

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